

**GOVERNMENT OF ANDHRA PRADESH
ABSTRACT**

I&I Dept., - APGDC-Proposal to continue the Shareholding of APGDC between GoAP entities and GAIL GAS@ 50% each as implementing the orders viz G.O.Rt.No.12, dated 22.03.2021 and G.O.Ms.No.10, I&I (Airports) Dept., Dated 17.08.2021 will increase the liabilities of GoAP - Orders - Issued.

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INFRASTRUCTURE & INVESTMENT (AIRPORTS) DEPARTMENT

G.O.Ms.No.16.

Dated 10.11.2023.
Read the following:-

1. G.O.Ms.No.222, I&C (INF) Dept., Dated.9.10.2009.
2. G.O.Ms.No.2, I&I (Airports) Dept., Dated 28.02.2011.
3. G.O.Ms.No.10, I&I (Airports) Dept., Dated 15.06.2011.
4. G.O.Rt.No.12, I&I (Airports) Dept., Dated 22.03.2021.
5. G.O.Ms.No.10, I&I (Airports) Dept., Dated 17.08.2021.
6. From the CEO, GAIL Gas Limited Lr.No.GAIL Gas/CEO/APGDC/KSPL/2023/2, dated 18.09.2023.
7. From the MD, APGDC, Lr.No APGDC/KSPL-Project/Surrender/2023-24, dated 25.10.2023
8. G.O.Ms.No.15, I&I (Airports) Dept., dated 10.11.2023.

ORDER:

In the G.O.1st read above, orders were issued incorporating the Andhra Pradesh Gas Infrastructure Corporation (APGIC), for taking up upstream activities like Exploration and Production of Natural Gas for energy security and Industrialization in the State of Andhra Pradesh with AP Industrial Infrastructure Corporation (APIIC) and AP Power Generation Corporation (APGENCO) with equity ratio of 51% and 49% respectively.

2. In the G.Os 2nd & 3rd read above, orders were issued incorporating a company by name Andhra Pradesh Gas Distribution Corporation (APGDC) Limited to undertake mid-stream activities like laying of Natural Gas pipelines, regional grids, CNG Stations, development of a Regional Gas grid and establishment of a fast track FSRU based LNG re-gasification Terminal at Kakinada, to meet the immediate requirement of gas for the power plants and other industries and domestic Gas supply in Andhra Pradesh. The APGIC and GAIL Gas Ltd., were originally, the shareholders of APGDC in the ratio of 50% each. Besides, APGDC along with HPCL formed a joint venture Godavari Gas Private Limited (GGPL) to develop City Gas Distribution Network Development (CGD) Project in East and West Godavari Districts, with the shareholding pattern of APGDC at 74% and HPCL at 26%.

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3. In the G.O. 4th read above, Government have approved revised shareholding by increasing the existing stake of the Government entities i.e., APIIC & APMB from 50% to 74% and G.O.5th read above, the revised shareholding in APGDC as given below has been approved.

1. To increase the existing stake of the Government entities i.e., APIIC & APMB from 50% to 74% in APGDC by infusing equity participation of 37% by each entity directly in APGDC
2. To induct APIIC & APMB directly in APGDC instead of APGIC
3. To transfer the equity holding of APGENCO to APMB in APGIC as APGENCO is not willing to continue its shareholding in APGIC.
4. To approve the revised shareholding as below:

In APGIC: Revised Shareholders are as follows:

- a. APIIC - 51%
- b. APMB - 49%

In APGDC: Revised Shareholders are as follows:

- a. APIIC - 37%
- b. APMB - 37%
- c. GAIL - 26%

In GGPL: Revised Shareholders are as follows:

- a. APGDC - 74%
- b. APIIC - 27.38%
- c. APMB - 27.38%
- d. GAIL Gas - 19.24%
- e. HPCL - 26%

GoAP has requested for consent of GAIL Gas for increase their shareholding in APGDC from 50% to 74% and on the request of GAIL Gas, a team has been formed to deliberate on the above shareholding pattern to finalize the same.

4. The MD, APGDC, in letter 7th read above has informed that the APGDC submitted bid for the Kakinada - Srikakulam Pipeline (KSPL), notified by PNGRB in 2013 and was subsequently authorized by PNGRB in July 2014 to lay, build, operate and expand KSPL via Visakhapatnam & Vizianagaram. Accordingly, APGDC has planned execution of KSPL in two Phases viz Kakinada -Visakhapatnam Section under Phase-I and Visakhapatnam - Srikakulam along with Spur line to RINL & other Customers under Phase-2, with the Project cost under Phase-I of Rs.628.17 Crore and under phase-2 of Rs.442.67 Crore (both phases put together total hard cost of Rs.933.80 crores and soft cost of Rs.137.04 crores). The PNGRB granted KSPL schedule extension up to Dec'2019 and from time to time, the extension was sought by APGDC and Deadline from PNGRB

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for completion of KSPL is June 2024. As KSPL could not be completed as per original schedule and pursuant to the series of Meetings held between Top Management of GAIL (India) Ltd. & Govt. of AP (GoAP) officials for the way forward actions for the KSPL Project, GAIL Gas Vide Letter dated 23.08.2023 has requested to convey agreement of Government of Andhra Pradesh with subject to withdrawal of G.O. Ms. No. 10, dated 17.08.2021 and surrender of Phase -2 of KSPL to PNGRB as was agreed between GAIL Gas & GoAP. The Chronological sequence of Equity Contribution by promoters in APGDC, as submitted by MD, APGDC, is attached as ANNEXURE to this order.

5. In the reference 6th read above, the GAIL Gas opined that it is not viable to complete the KSPL Project with existing bidded tariff and the better option is to surrender the authorization of Kakinada - Srikakulam pipeline to PNGRB. Subsequently, in the Progress Review Meeting (PRM) held at PNGRB, Delhi on 21.09.2023, the promoters of APGDC have given consent to surrender Authorization of Kakinada - Srikakulam Pipeline (KSPL) and requested PNGRB to factor in the investment already done by APGDC while conducting the rebidding process for recovering the investment made.

6. Thereafter, PNGRB advised APGDC to submit APGDC Board resolution for cancellation of KSPL Project, to carry out health assessment of lowered Pipeline and to submit Fit for Purpose (FFP) Report duly authenticated by reputed project management consultant within three months and to furnish the details of investment made by Promoters for KSPL including liabilities within 30 days. The PNGRB has further informed that partially done pipeline work is being surrendered by the Agency and they will try to mention in the future bid about the investment made by the APGDC in laying the pipelines and the health assessment of the pipelines laid as assessed by the competent agency, so as to help the APGDC to realize the investments made so far. As requested, the APGDC has submitted the Board resolution pertaining to surrender of Authorization of KSPL Project to PNGRB on 07.10.2023.

7. MD, APGDC, while submitting the details to the Government, has sought the approval of the action taken by APGDC in surrendering the authorization of the KSPL to PNGRB to avoid huge future liabilities to the APGDC and GoAP and submitted that the shareholding of APGDC between GoAP entities and GAIL GAS may be continued @ 50% each and the G.O.Rt.No.12, dated 22.03.2021 increasing the shareholding of GoAP entities to 74% from 50% will not be proceeded further, as implementing the GO will increase the liabilities of GoAP. Government after careful examination, vide reference 8th read above, approved the action taken by APGDC in surrendering the authorization of the KSPL to PNGRB to avoid huge future liabilities to the APGDC and GoAP and directed the APGDC to ensure that APGDC recover its investment from the new successful bidder at the current valuation, duly complying all the requirements of PNGRB and duly following with PNGRB in this regard.

8. Government, after careful examination of the matter, hereby decided to continue the shareholding of APGDC between GoAP entities and GAIL GAS @ 50% each as implementing the orders issued in the G.O.s 4th and 5th read above i.e GO RT No.12 dated 22.03.2021 and G.O.Ms.No.10, (Airports) Dept., Dated 17.08.2021 will increase the liabilities of GoAP.

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9. The Managing Director, APGDC, Managing Director, APGIC, Vice Chairman & Managing Director, APIIC, Managing Director, APGENCO, Chief Executive Officer, APMB and Chairman, GAIL (Gas) Limited, shall take necessary action accordingly. The MD, APGDC is advised to ensure that APGDC determine the balance liabilities at the earliest and finalize the ways to clear the liabilities at the earliest.

10. This order issued with the concurrence of Finance Department vide their U.O.No.FIN01-FMU0ASD (IIE)/52/2021-FMU-IIEIC (Computer No.1473953), dated 01.11.2023

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

N.YUVARAJ

SPECIAL CHIEF SECRETARY TO GOVERNMENT (FAC)

To

The Managing Director, APGDC, Kakinada.

The Managing Director, APGIC, Kakinada.

The Vice Chairman & Managing Director, APIIC, Mangalagiri.

The Managing Director, APGENCO, Vijayawada.

The Chief Executive Officer, APMB, Vijayawada.

The Chairman, GAIL (Gas) Ltd., New Delhi.

Copy to:

The Finance (FMU-I&I, Energy and I&C) Dept.,

The GA (Cabinet) Dept.,

The P.S. to Special Chief Secretary to Hon'ble CM.

The P.S to Hon'ble Minister for I&I.

The P.S. to C.S to Govt.,

The P.S. to Spl. C.S to Govt., I&I Department.

(C.No.INI01-APGD/7/2020-Airports, Comp.No.1266510)

//FORWARDED :: BY ORDER//


SECTION OFFICER

ANNEXURE

Chronological sequence of Equity Contribution by promoters in APGDC

A. Equity Contribution by Promoters till July 2018:

APGDC continued as 50:50 Joint Venture of APGIC and GAIL Gas till Jul'18. Against various Equity Calls by APGDC during Sep'11 - Jul'18 Period, the Equity contribution by Promoters was as below:

Promoter	Date of Equity release	Equity Amount (Rs. Cr.)	Date of Share Allotment	Shares Allotted (Rs. Cr.)	Balance Shares to be allotted (Rs. Cr.)
GAIL Gas	15.10.2011	5.00	15.10.2011	5.00	-
	10.10.2013	5.00	28.03.2014	5.00	-
	24.09.2015	12.50	31.03.2016	5.00	2.50
			23.08.2017	5.00	
	Total	22.50	-	20.00	2.50
APGIC	15.10.2011	5.00	15.10.2011	5.00	-
	04.03.2014	5.00	28.03.2014	5.00	-
	29.02.2016	5.00	31.03.2016	5.00	-
	02.11.2016	3.67	23.08.2017	5.00	0.43
	20.02.2017	1.76			
Total		20.43	-	20.00	0.43

B. APIIC & APGENCO becoming Shareholders of APGDC:

- As share allotment for earlier contributed share application money of Rs. 2.5 Cr. was pending from APGDC (for want of matching Equity contribution by APGIC), GAIL Gas regretted contribution of further Equity till Share Certificate for balance Rs. 2.5 Cr. is issued by APGDC.
- In this context, status of the on-going projects of APGDC viz Kakinada - Srikakulam Pipeline Project and City Gas Distribution in East & West Godavari Districts (being executed by Godavari Gas Pvt Ltd. - wherein APGDC, as 74% Equity Stakeholder needs to contribute Equity) along with their funding requirements was discussed among the Promoters of APGDC on 31.07.2018. During the meeting, Promoters of APGIC i.e. APGENCO and APIIC have taken a decision to contribute Equity directly to APGDC instead of routing through APGIC.
- In line with the above, APGIC obtained their Board approval for direct Equity infusion into APGDC by APGENCO & APIIC and vide letter dated 06.08.2018 requested GAIL

Gas to convey their Board approval for the same arrangement and for necessary modification of Shareholder's Agreement. GAIL Gas, vide mail dated **09.10.2018** conveyed approval of GAIL Gas Board for direct Equity infusion by APGENCO & APIIC.

C. Equity Contribution by Promoters after July 2018:

- Upon APIIC & APGENCO taking call to invest directly in APGDC instead of routing through APGIC, APGIC stopped contributing Equity to APGDC.
- However, APGDC has always issued Rights issue Equity Calls to all Promoters considering 50% shareholding by GAIL Gas and balance 50% shareholding by APGIC, APIIC & APGENCO together.
- Against APGDC's Offer letter dated 14.06.2018 for Rs. 60 Cr. Offer letter dated 06.10.2018 for Rs. 50 Cr. & Offer letter dated 01.05.2019 for Rs. 18.26 Cr. Equity contributed by Promoters is as below:

Promoter	Date of Equity release	Equity Amount (Rs. Cr.)	Date of Share Allotment	Shares Allotted (Rs. Cr.)	Balance Shares to be allotted (Rs. Cr.)
GAIL Gas	24.09.2015 (previous balance)	2.50	20.09.2018	2.50	-
	26.10.2018	5.00	29.01.2019	5.00	-
	29.10.2018	5.00	28.02.2019	5.00	-
	12.12.2018	10.00	29.04.2019	5.87	4.13
	06.05.2019	5.00	-	-	5.00
Total		27.50	-	18.37	9.13
APGIC	20.02.2017 (previous balance)	0.43	20.09.2018	0.43	-
APGENCO	27.08.2018	2.07	20.09.2018	2.07	-
	04.01.2019	5.00	29.01.2019	5.00	-
	22.02.2019	5.00	28.02.2019	5.00	-
APIIC	22.02.2019	5.87	29.04.2019	5.87	-
Total		18.37		18.37	-

D. Enhancement of Authorized Share Capital of APGDC and its Re-classification into Equity Shares and Preference Shares:

- In the **45th Board Meeting of APGDC held on 29.01.2019**, Board was appraised about the progressive equity contribution required from the Promoters to achieve

- targeted work progress of the on-going KSPL and CGD Projects which required Equity funding over the then authorized Share Capital of Rs. 100 Cr.
- Considering the perpetual delay in contribution of Equity from GoAP entities and the need of steady infusion of funds, the then Chairman, APGDC observed that GoAP may continue in APGDC as a strategic partner with diluted equity shareholding (say 11%) and continue to facilitate development of Gas Infrastructure in Andhra Pradesh. Further, the then Chairman advised APGDC management to explore options with GAIL Gas / GAIL for taking over majority stakes of APGDC in long run and for the short-term funding of the on-going Projects to ensure targeted work progress .
 - Since restructuring would take considerable time due to the procedural requirements, and continued funding of the on-going Projects was essential during the interim period, it was considered prudent to generate the funds through Preference Shares, which would not impact the shareholding pattern of the Company, but will provide additional benefits to the Shareholder opting for Preference Shares. Accordingly, APGDC Board, in the 46th Board Meeting held on 28.02.2019, approved enhancement of the authorized Share Capital of the Company to Rs. 500 Cr. and reclassification of the same into a combination of Equity Shares (Rs. 350 Cr.) and Preference Shares (Rs. 150 Cr.), subject to approval by Shareholders. Further APGDC Board has also approved generating Rs. 100 Cr. Preference Share Capital to meet the funding requirements of on-going Projects.
 - The enhancement of Authorized Share Capital of the Company and its reclassification was approved by Shareholders of APGDC in the EGM held on 29.04.2019. Features of the Preference Shares are as below:
 - Share Issue: Cumulative Compulsorily Convertible Preference Shares (CCCPS) of face value of Rs.10 each will be issued at a par value.
 - Rate of Dividend: Dividend rate will be 9% p.a. (on the paid-up value) which will remain fixed over the tenure of the CCCPS. Right on the dividend, if any, will lapse after conversion. The CCCPS will carry cumulative dividend right.
 - Tenure & Conversion / Redemption Terms: 1 (One) fully paid-up CCCPS of Rs. 10 each shall be converted into 1 (One) fully paid-up Equity Shares of Rs. 10 each at any time at the option of the Shareholders from the date of allotment of the CCCPS but not later than 20 years.
 - Priority with respect to payment of dividend repayment of capital: The CCCPS will carry a preferential right vis-à-vis equity shares of the Company with respect to the payment of dividend and repayment of capital during winding up.
 - Participation in surplus funds/surplus assets and profits: The CCCPS shall be non-participating in the surplus funds / surplus assets and profits, on winding up which may remain after the entire capital has been repaid.
 - Voting rights: CCCPS shall have all the rights and privileges provided under the Act, except the right to vote on all the resolutions provided under Section 47 of the Act, even in case of non-payment of dividend for two or more years.

- *Conditions pertaining to Preference Share(s) can be changed as per provisions of the Companies Act, 2013.*

E. Contribution of Preference Share Capital by GAIL Gas:

- Upon approval of the enhancement of Authorized Share Capital of the Company to Rs. 500 Cr. and its reclassification by Shareholders in the EGM held on 29.04.2019, APGDC gave call for contribution of Rs. 100 Cr. Preference Share Capital vide Offer letter dated 14.06.2019. Against the Call, GAIL Gas on 24.06.2019 contributed Rs. 50 Cr. whereas GoAP Entities have not responded.
- During the 50th Board Meeting held on 13.11.2019, APGDC Board approved allotment of 5 Cr. Preference Shares (Value - Rs. 50 Cr.) to GAIL Gas and same has been issued to GAIL Gas. During the Board meeting, nominee Director of GAIL Gas Ltd. raised the issue of long pending allotment of Equity Shares for Rs. 9.13 Cr. Equity contributed by GAIL Gas Ltd. for want of commensurate Equity from APGIC / APGENCO / APIIC.
- In response, Chairman suggested that the Equity due from APGIC / APGENCO / APIIC can be contributed through allotment of suitable government lands for KSPL (Phase-2) & City Gas Distribution in East & West Godavari Districts and in future too same can be done wherever Equity contribution by cash is not feasible. However, the Board noted that land allotment by GoAP will not be adequate to meet the Equity requirements and immediate generation of cash Equity will be essential to ensure smooth and uninterrupted work progress in on-going projects.
- In this context, Board recalled that Rs. 50 Cr. Preference Shares (CCCPS) remained un-allotted during last call due to non-subscription by APGIC / APIIC / APGENCO and advised that the un-allotted Preference Shares be offered to GAIL Gas Ltd. Accordingly, the same were offered to GAIL Gas vide letters dated 09.12.2019 & 13.12.2019 and GAIL Gas responded by contributing Rs, 50 Cr. to APGDC on 04.02.2020.
- During the 51st Board Meeting held on 09.03.2020, allotment of additional 5 Cr. Preference Shares (Value - Rs. 50 Cr.) was approved by APGDC Board and accordingly the Share Certificates were issued to GAIL Gas on same day.

Equity / Preference Share Capital Summary:

Promoter	Equity Contributed	Current Shareholding	Equity Share Application Money	Preference Shares	Total Share Capital
GAIL Gas	Rs. 38.37 Cr.	50%	Rs. 9.13 Cr.	Rs. 100 Cr.	Rs. 147.5 Cr.
APGIC	Rs. 20.43 Cr.	26.6%	-	-	Rs. 20.43 Cr.
APGENCO	Rs. 12.07 Cr.	15.7%	-	-	Rs. 12.07 Cr.
APIIC	Rs. 5.87 Cr.	7.7%	-	-	Rs. 5.87 Cr.
Total	Rs. 76.74 Cr.	100%	Rs. 9.13 Cr.	Rs. 100 Cr.	Rs. 185.87 Cr.

F. Utilization of Equity / Preference Share Capital contributed by Promoters till Mar'20:

S. No.	Head	Amount utilized
1	FSRU, Kakinada	Rs. 16.5 Cr.
2	Equity contributed to GGPL	Rs. 45.75 Cr.
3	Accumulated Loss	Rs. 9.75 Cr.
4	Margin money against BGs obtained from Banks	Rs. 14.4 Cr.
5	KSPL	Rs. 96 Cr.
6	Reserve for KSPL	Rs. 3.5 Cr.

- No Loan arrangement exists for expenses mentioned at S. No. 1 to 4 i.e. for total Rs. 86.4 Cr. Hence same has to be necessarily met from Share Capital contributed by Promoters. This expense is presently met as below:

Equity contributed by APGIC / APGENCO / APIIC - Rs. 38.37 Cr.

Equity / Preference Share contributed by GAIL Gas - Rs. 48 Cr.

- As per APGDC Board approval, KSPL Project taken up at an estimated investment of Rs. 1071 Cr., has to be funded through 2:1 Debt: Equity financing model. Till now, Rs. 96 Cr. of Equity / Preference Share Capital have been spent on the project from the Share Capital contributed by GAIL Gas.

F. Attempts of Restructuring of APGDC after March 2020

- Due to severe 1st & 2nd COVID-19 pandemic in Andhra Pradesh and their after effects there is no progress as planned and no construction were resumed after August 2021 and PNGRB, in November 2020, has further extended the schedule of Kakinada - Visakhapatnam Section up to June 2021 and that of Visakhapatnam - Srikakulam Section up to June 2022. However, the project execution got further delayed due to funding issues.
- In order to resolve the funding issues and implement the KSPL Project expeditiously,

APGDC Promoters have discussed to restructure the Equity Shareholding of the Company.

- Since March 2020, APGDC has been encountering funding issues on account of non-contribution of Share Capital by GoAP entities.
- To overcome the funding issues and to implement KSPL project of National importance, GAIL Gas Ltd. proposed following options in October 2020 to GoAP for restructuring:

Option-1: Continue with 50:50 shareholding patterns, in that case GoAP entities have to infuse equity corresponding to 50%.

Option-2: GAIL Gas Ltd. may acquire 100% of shares if required.

Option-3: Changing the share holding pattern to 89:11 of GAIL Gas Ltd. and GoAP entities respectively based on the equity contributed as on that day.

G. Increase of shareholding from 50% to 74%

- In response to above proposal from GAIL Gas, GoAP has conveyed its intent to increase its shareholding from present 50% to 74% in March 2021 vide GO RT No. 12 dated 22.03.2021. GoAP vide Letter. No. INI01-APGDC/7/2021-AIRPORTS Dt. 25.03.2021 has requested for consent of GAIL Gas for increase their shareholding in APGDC from 50% to 74%. GoAP directed APIIC and APGENCO to infuse Rs. 81.10 cr. and Rs. 77.93 cr. in APGIC at the earliest so that APGIC can infuse Rs. 159 Cr. in APGDC.
- GAIL requested GoAP to immediately infuse committed Rs. 159 Cr. in APGDC to avoid KSPL Loan account becoming NPA. APIIC has contributed Rs. 30 Cr. on 16.04.2021 towards part repayment of KSPL (Phase-1) Loan. APGENCO has expressed that they cannot contribute to equity.
- Hence, GoAP has inducted APMB as shareholder in APGDC in the place of APGENCO. APMB has released Rs. 20 Crs. on 27.07.2021 as per the advice of GoAP for clearing KSPL (Phase-1) Loan.
- GAIL Gas contributed Rs. 28 Cr. on 28.07.2021 to repay KSPL (Phase-1) Loan, Rs. 11.38 Cr. to meet immediate fund requirement of CGD Project and Rs. 1.5 Cr. to meet G&A expenses of APGDC till restructuring is concluded. Bank Loan from Union Bank of India was cleared on 31.07.2021.
- As funding constraints of APGDC continued, GAIL again requested GoAP to reconsider the option mentioned option-3 in the interest of completion of KSPL project vide letter dated 29 June 2021. However, during promoters meet held on 28.07.2021, a Joint Committee of senior executives from GoAP and GAIL Gas Ltd has been formed.
- GAIL requested GoAP to constitute a Committee of Senior Executives to discuss and put up recommendations for an amicable way forward up to the satisfaction of all stakeholders vide Lt. GAIL/ND/BD/APGDC/2021 Dt. 19.08.2021.
- APGDC Board in the **59th Board meeting held on 26.10.2021**, advised to expedite the meeting of the Committee constituted by GoAP for APGDC restructuring to resolve the funding crisis and put up proposal thereafter, but the same was not materialized.

- APGDC Board in **63rd BM held on 14.06.2022**, KSPL project cost was increased from Rs. 1070.84 Cr. (Phase-1: Rs. 628.17 Cr. & Phase-2: Rs. 442.67 Cr. including IDC & Margin Money to Rs. 1423.20 Cr. (Phase-1: Rs. 732.05 Cr. & Phase-2: Rs. 691.15 Cr.) including IDC & Margin Money.
- APGDC Board in its **64th Board Meeting dated 09 August 2022** has been appraised about the discussions during the recent Promoters Meet held at Delhi on 28.07.2022 between GoAP and GAIL Management.
- Board has also been appraised about the critical issues of APGDC & GGPL including the current precarious status of GGPL with no cash reserve to clear Gas Purchase Bills and critical O&M expenses and that GGPL Operations will be stalled completely during 3rd week of August 2022 if immediate financial support is not extended by APGDC.
- In this regard, Director (Finance) appraised Board that following Joint Committee has been constituted by GoAP & GAIL for finalizing modalities for APGDC restructuring (covering aspects such as Share Price, concerns of Promoters in operationalizing the proposed restructuring, timeline of restructuring once modalities are finalized etc.) and for developing action plan for expeditious completion of KSPL & CGD Projects:
 - Sh. P Madhusudan, Advisor to GoAP
 - Sh. S Shan Mohan, IAS, CEO, APMB
 - Sh. Kapil Kumar Jain, CGM (CGD-Projects), GAIL Gas Ltd.
 - Ms. Nalini Malhotra, CFO, GAIL Gas Ltd.
- Further Director (Finance) appraised Board that the first meeting of the Joint Committee is scheduled on 10.08.2022.

H. Sitting of the Joint Committee and the deliberations thereon

- The Joint Committee has discussed the modalities of APGDC restructuring in series of 5 meetings between 10th Aug 2022 and 12th Oct 2022 and submitted the recommendations. Vide mail dated 14.12.2022.
- APMB forwarded the minutes of the 5th Joint Committee Meeting dated 12.10.2022 to APGDC, with an advice to take necessary action. Joint Committee pertaining to APGDC Restructuring is produced below:

In relation to the proposed restructuring of APGDC and GGPL, the members of the joint committee nominated Government of Andhra Pradesh (GoAP Nominees) have proposed as follows, in response to the proposal of GAIL Gas in the earlier meeting:

a) Restructuring of APGDC

The restructuring of APGDC will be undertaken in a phased/ milestone manner so that GAIL Gas can exit APGDC over a mutually agreed period considering that the presence of GAIL Gas for some more period aids smooth project execution including financial closure.

In the first step of restructuring, GoAP's shareholding in APGDC (through GoAP entities) will be increased to 74%, and the shareholding of GAIL Gas Limited will reduce to 26% in

APGDC given that a Government Order (Ref. No. G.O.Ms.No.10 dated 17.08.2021) to that effect is already in place.

A written undertaking will be executed between the concerned parties (either under the share purchase agreement or by way of a separate document), wherein the terms and conditions (including timelines) for the phased reduction of remaining 26% stake and thus eventual exit of GAIL Gas Limited from APGDC, will be recorded.

b) GGPL - GAIL Gas Limited to have direct shareholding in GGPL

In the previous joint committee meetings, the members of the joint committee nominated GAIL Gas Limited (GGL Nominees) proposed that GAIL Gas Limited to have a direct shareholding in GGPL with operational control.

Currently, Gail Gas Limited indirectly holds 37% stake in GGPL through APGDC. Taking that into account, the GoAP have accepted the GGL Nominees' proposal having a direct shareholding of 37% in GGPL with operational control (Details of operational control shall be deliberated and finalized at the time of finalizing Share Holder Agreement).

GGL Nominees have agreed to the proposal given by GoAP Nominees.

As there is consensus among GoAP Nominees and GG Nominees on the restructuring of both APGDC as well GGPL, as described above, it is decided that the minutes of this meeting will be sent to APGDC/GGPL for in-principle approval of their respective Boards. APGDC/GGPL then shall be forwarding the recommendations of their respective Boards to all the promoters. Promoters shall obtain approvals from their respective Boards and communicate to APGDC/GGPL for taking further necessary action with regard to implementation of the proposed restructuring.

- Based on the recommendations given by Joint Committee the following has been resolved in the **65th Board meeting of APGDC held on 28th Dec 2022.**

“RESOLVED THAT APGDC shall address the all promoters' entities to take necessary steps to implement the recommendations of Joint Committee in line with the proposal submitted by GoAP for restructuring of APGDC.”

- APMB has contributed Rs. 18 Cr. as Interest Free Loan (to be adjusted against Equity upon restructuring and hence same has been considered as Equity despite crossing 50% shareholding by GoAP).

I. Enhancement of Authorized Share Capital of APGDC:

Vide **68th Board Meeting of APGDC dated 22nd June, 2023,** the following has been passed:

“RESOLVED THAT pursuant to provisions of Sections 61(1)(a) and 64(1)(a) of the Companies Act, 2013, and the relevant rules framed there under and in accordance with the provisions of the Articles of Association of the Company, the authorized share capital of the Company be and is hereby increased from Rs. 500,00,00,000 divided into 50,00,00,000 equity shares of Rs. 10 each, to Rs. 10,00,00,00,000 divided into 10,00,000,000 equity shares Rs. 10 each subject to approval of Shareholders at the ensuing EGM by Special Resolution.

J. APGDC Share Holding Pattern as on date (after June 2023) :-

Promoter	Equity - Cash	Equity - Asset	Equity - Total	CCCPS	Total	Remarks
GAIL Gas	88.38	6.15 (Kovvur CNG Station) + Rs. 4.04 Cr. (Manpower Deputation Charges)	98.57	100	198.57	GAIL Gas - 198.57 GoAP - 166.57
APGIC	20.43	-	20.43	-	20.43	
APGENCO	12.07	-	12.07	-	12.07	
APIIC	30	5.87 (Land)	35.87	10	45.87	
APMB	48.20*	-	48.20*	40	88.20	
Total	199.08	16.06	215.14	150	365.14	

N.YUVARAJ
SPECIAL CHIEF SECRETARY TO GOVERNMENT (FAC)

C. Kalyanesh
SECTION OFFICER